

August 20, 2008

Bureau of Near Eastern Affairs
US Department of State

Unclassified

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HIGHLIGHTS



 Iraqi Ministry of Human Rights Urges GOI to Put Torturers on Trial, while the Dispute over Kirkuk Remains at the Forefront of Discussions.
 (POLITICAL, page 4)

• Shi'a Pilgrims Attacked En-route to Celebration. (SECURITY, page 8)

 The Government of Iraq and the United Nations Sign Three-Year Cooperation Agreement. (ECONOMIC, page 11)

August 20, Lebanese Prime Minister Fouad Siniora visits Baghdad.
 (DIPLOMATIC, page 22)

POLITICAL - Governance & Legislation



Kirkuk: Litmus Test for Stable Iraq:

• The status of Kirkuk remains an unresolved issue for the stability of Iraq. Sporadic violence has erupted there in recent weeks as Kurdish, Arab, and Turkmen residents debate Kirkuk's future status. The Kurdish bloc of the Kirkuk Provincial Council wants the province to be annexed by the neighboring Kurdistan Regional Government. Arabs and Turkmen, who fear Kurdish discrimination, prefer to remain under the purview of the central government. "Kirkuk is a test case for a stable Iraq," the Washington Institute for Near East Policy commented. "If Kirkuk remains stable, Iraq will become more stable. If Kirkuk blows up, Iraq might fracture along ethnic and sectarian lines."

Mahdi Army Transformation:

• Anti-American cleric Muqtada al-Sadr announced August 8 that the Mahdi Army will be transformed from an armed militia to a "cultural, religious, social army, devoted to freeing brains and hearts and the human spirit from the Western secular hegemony." The movement is called Mumahidoon, or "those who pave the way," referring to Sadrists' preparation for the return to earth of the Imam Mahdi, a 9th-century figure revered by Shi'a. He also declared that the small specialized bands of armed cells will be disbanded as soon as the "occupation of Iraq" has ended. It remains to be seen if this transformation will actually decrease the violence.

POLITICAL - Governance & Legislation

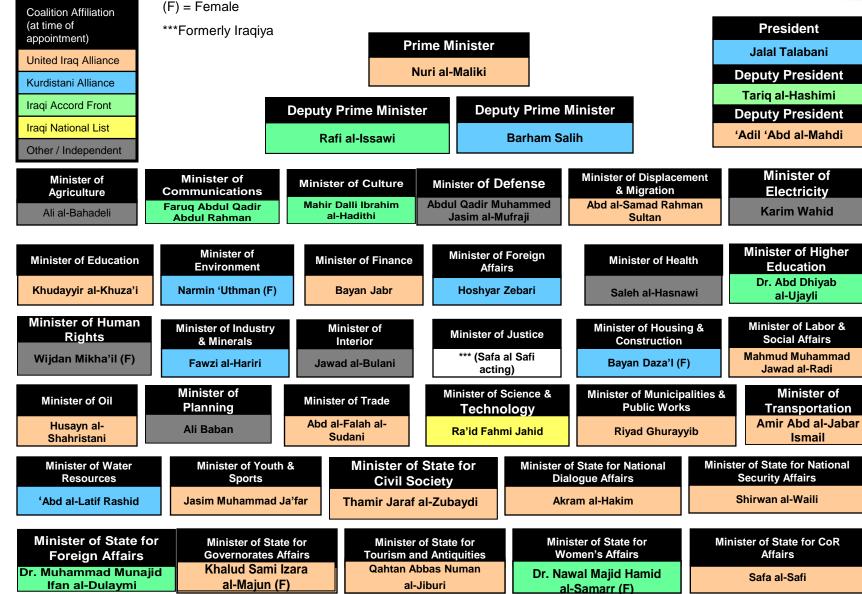


Iraqi Ministry of Human Rights Pushes to Convict Torturers:

• After Iraq's Presidency Council ratified the United Nation's Convention against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment August 18, the Iraqi Ministry of Human Rights announced it wants to put torturers on trial. Although Iraq does not have a law against torture, Saad Sultan, head of the Ministry's Prisons Supervision Service, said that torturers "could be charged for voluntary blows and injuries." Sultan's supervisory team was organized in 2006 and funded by the European Union. It includes 82 investigators who were trained by the International Committee of the Red Cross and began their work inside Iraq in 2007. The U.N. Special Investigator for Torture is expected to visit Iraqi prisons in October following government authorization.

POLITICAL – Government of Iraq

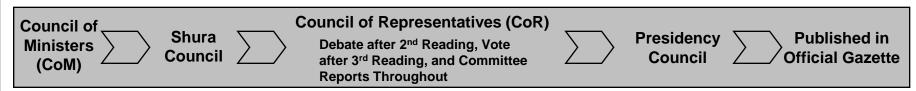




POLITICAL – Key Legislation and Refugee Update



Legislative Process



Provincial Elections Passed July 22; vetoed July 26. Negotiations continued after the scheduled July 30

recess but no compromise was reached. The CoR recessed August 6 and is

scheduled to reconvene on September 9 after summer recess.

Hydrocarbons Package The level of control allocated to the central government in the July 2007 draft

version of the Framework Law (currently in CoR Committee) is the key point of disagreement; there may be more progress on the Revenue Management

Law, currently with the Shura Council, in the coming months.

Amnesty Law PASSED: CoR approved the law on February 13; the law was signed by the

Presidency Council February 26 and was implemented March 2.

Pensions Amendment PASSED: Published in the Official Gazette December 2007.

De-Ba'athification PASSED: Approved by default by the Presidency Council February 2008.

Reform Published in the Official Gazette in mid-February.

Provincial Powers PASSED: CoR approved the law on February 13; the law was vetoed by the

Presidency Council February 26. The veto was rescinded on March 19, allowing

the law to take effect.

Refugee Update

Refugees in the region: 2-2.4 million

Internally displaced persons in Iraq: 2.7 million

The U.S. expects to admit 12,000 Iraqi refugees in FY08; 10,039 refugees have been admitted thus far in FY08. 11,647 Iraqi refugees have been admitted since FY07.

SECURITY - Situation Update



Shi'a Pilgrims Attacked En-route to Celebration:

• A female suicide bomber attacked Shi'a pilgrims traveling to the Shi'a holy city of Karbala, 50 miles south of Baghdad, to celebrate the birth of Mohammed al-Mahdi, the 12th Shi'a Imam. The August 14 attack killed at least 18 pilgrims and wounded dozens more. The female bomber detonated her explosives among a group resting along the side of the road near Iskandariyah, 30 miles south of Baghdad. Iraqi Security Forces have increased their presence in Karbala as twelve additional Iraqi battalions deployed to Karbala August 13 to protect the pilgrims.

Sons of Iraq Commander Killed by Suicide Blast:

 A suicide bomber attacked a Sons of Iraq checkpoint in a crowded market in northern Baghdad August 17, killing the local Sons of Iraq commander and fifteen others, including at least four other members of the Sons of Iraq. The bomber approached the market on a bicycle and detonated a suicide belt near the Sunni Abu Hanifa mosque in the Sunni neighborhood of Adhamiyah.

SECURITY – Security Transition



Females Begin Training at Kirkuk Police Academy:

• Thirty-seven Iraqi females attended the first day of training at the Kirkuk Police Academy August 16. The women attending the academy are responding to the current need for Iraqi police to incorporate women into the Iraqi security apparatus following a surge in female suicide bombings throughout the country. Additionally, the women will bring about a various perspectives to policing.

<u>Iraqi Army Assumes Security in Wasit Province from Georgians:</u>

 Immediately following the rapid redeployment of Georgian forces from Wasit province, the Iraqi Army's 32nd Brigade volunteered to step into the void created by the Georgians to maintain security within the province. The redeployment provided the Iraqi Army with the opportunity to take an even more active role in establishing security within Wasit; ensuring previous security gains made in the past year are continued.

SECURITY - Iraqi Security Forces



Iraq Security Forces as of June 30, 2008 ^a						
Component	Current Authorized Personnel	Current Authorized Assigned Personnel				
Ministry of Interior (MoI) Forces ^e						
Iraqi Police Service f	292,001	299,757	186,365			
National Police ^g	33,670	39,544	47,449			
Border Enforcement	38,205	41,525	32,177			
Total Mol	363,876	380,826	265,991			
Ministry of Defense (MoD) Forces ⁿ						
Army	169,024	174,268	218,068			
Support Forces	15,583	18,336	21,144			
Air Force	3,228	1,886	2,245			
Navy	1,893	1,872	1,494			
Total MoD	189,728	196,362	242,951			
Counter Terrorism Bureau						
Special Operations j	4,733	3,782	4,564			
Total Iraqi Security Forces	558,337	580,970	513,506			

^{**}The decrease in authorized MoD forces from the April 30 Weekly Status Report with ISF data as of March 31 reflects a change in a temporary GOI policy to increase front line units to 120% of authorized end strength to maintain present-for-duty totals at 100% while soldiers took leave. This change will make ISF reporting consistent with standard military personnel accounting practices in other countries and provide a clearer representation of ISF manning levels.

- a. Numbers do not include ministry staffs.
- b. Numbers reflect Government of Iraq (GOI) authorizations.
- c. Numbers are based upon GOI payroll data and do not reflect present for duty totals.
- d. Numbers reflect total Iraqi Security Forces (ISF) personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.
- e. MoI strength excludes other services within Ministry Of Interior (MOI), including the MOI HQ, MOI Forensics, Facility Protection Services, and contracted guards.
- f. The Iraqi Police Service consists of all provincial police forces (station, patrol, traffic, and special units) assigned to all 18 Iraqi provinces.
- g. Includes the national Emergency Response Unit.
- h. The Ministry Of Defense (MOD) authorized numbers are derived from Modified Tables of Organization and Equipment (MTOEs).
- i. The MoD Army Training and Support Forces include logistics units and training center cadre.
- j. Does not include personnel assigned to Counterterrorism Bureau (CTB) or Counterterrorism Command (CTC) headquarters.

ECONOMIC – Economic & Government Capacity Update



The Government of Iraq and the United Nations Sign Three-Year Cooperation Agreement:

• The Government of Iraq (GOI) and the United Nations signed a three-year cooperation agreement to support Iraq's reconstruction, development, and humanitarian needs. The agreement will derive its funds from three sources, namely substantial cost-sharing using GOI budget resources, international support from the U.N. Development Group Iraqi Trust Fund of the International Reconstruction Fund Facility for Iraq (IRFFI), and the U.N. Humanitarian Appeal for Iraq. This partnership agreement will support the achievement of the goals of the International Compact with Iraq (ICI), with a focus on spurring job growth, reducing poverty, promoting growth, and facilitating democracy.

ECONOMIC – Oil



Crude Oil Update:

Price averages in world markets closed with the following prices:

Basrah Light at \$101.73/barrel Dated Brent at \$111.29/barrel

WTI Cushing at \$114.33/barrel Oman/Dubai at \$111.27/barrel

Revenue estimates:

2006: \$31.3 Billion 2007: \$41.0 Billion 2008: \$47.1 Billion (ytd)

<u>Technical Service Agreements May Be Abandoned</u>:

• Ambassador Charles Ries told reporters on August 17 that the Government of Iraq is likely to abandon the short-term technical service (TSAs) agreements which it has been negotiating. Six no-bid contracts were to be awarded, each valued at \$500 million and expected to boost production by 500,000 barrels per day. Yet some of the large international firms have stopped negotiations, including Anadarko and its partners. While the short-term contracts were to be only marginally profitable for the companies, the perception was that TSAs would facilitate the receipt of long-term contracts for the companies. With the June 2009 deadline approaching for finalizing the long-term contract, it appears as though the TSAs may be abandoned.

ECONOMIC - Oil



DNO Will Not Produce Oil in August:

 Norwegian oil company DNO said on August 18 that it would extract no oil from the Tawke field, located in the KRG. Oil production has been placed on hold by the KRG as it reviews licensing and other procedures. DNO reported production from the Tawke field was 11,191 barrels per day in July.

Turkerler and Crescent Petroleum Form Joint Venture:

 The Turkish energy company Turkerler and Crescent Petroleum, a U.A.E.-based company, announced the formation of a joint venture on August 15. The venture, Inci Gaz, has planned an initial production rate of 3.5 billion cubic meters of gas per annum beginning in 2011 with an increase to more than 10 billion cubic meters.

ECONOMIC – Essential Services



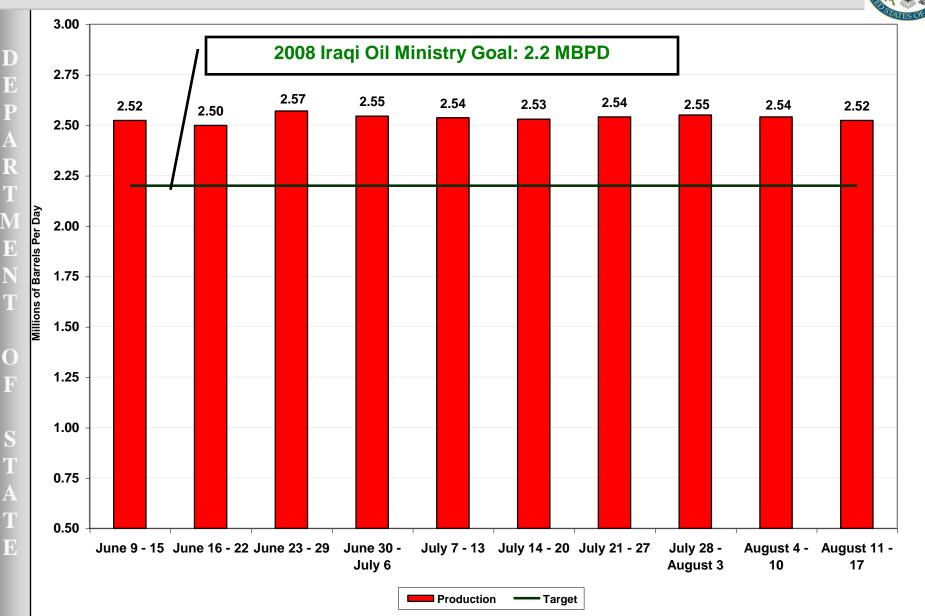
Solar Panel Installation Completed in Karbala:

The Iraqi Ministry of Water Resources said August 14 that it began digging 78
new water wells for public and private use in June of this year throughout the
country to help cope with the current drought, as well as provide new sources of
fresh water.

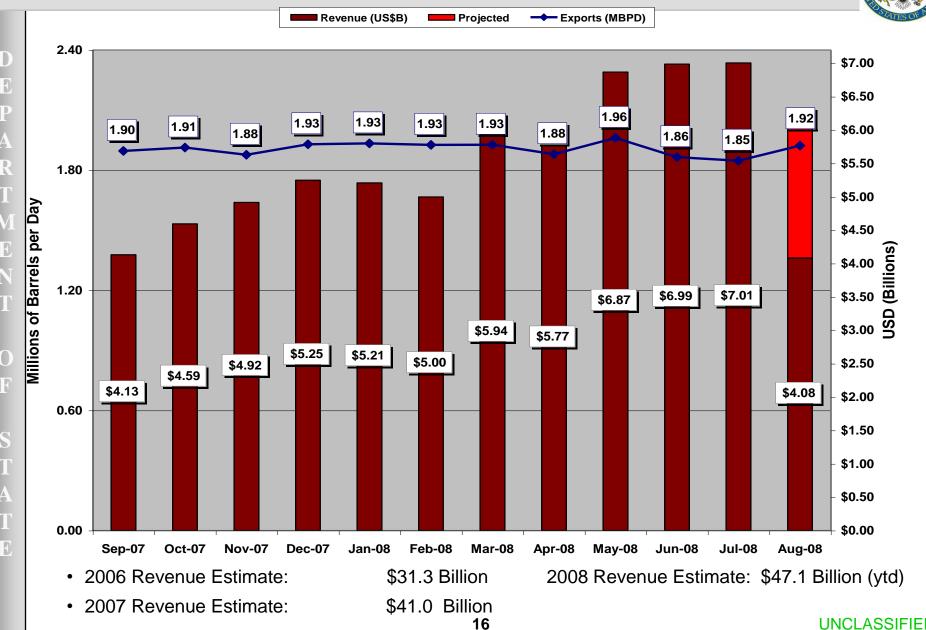
The Iraqi Engineer Infrastructure Battalion Begins Operations:

The Iraqi Engineer Infrastructure Battalion has begun operating in Iraq.
 Comprised of 740 men trained in electrical and pipeline repair as well as weapons and bomb deactivation and first aid; the battalion will be available to be dispatched across the country as other units are trained. Attacks against Iraq's oil industry and personnel have markedly declined since 2007 when it peaked at 200, and since dropped to 79 with only three attacks since April 2008.

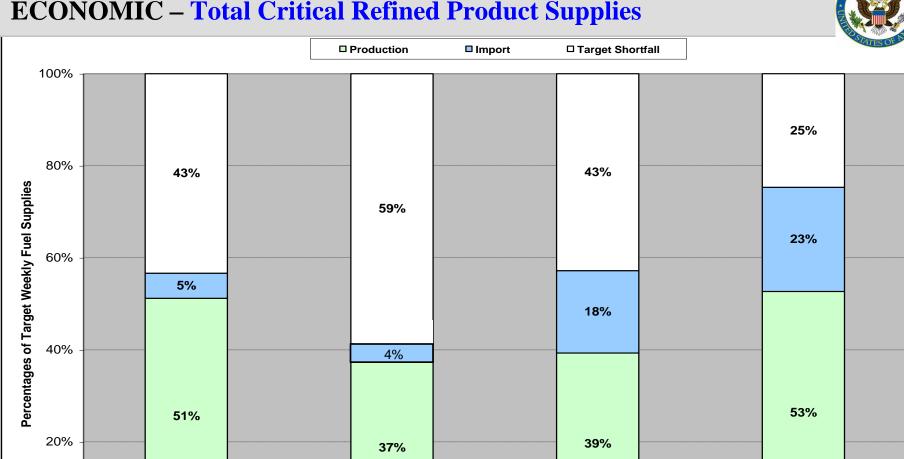
ECONOMIC – Crude Oil Production



ECONOMIC - Crude Oil Export



0%



Diesel: 13.9 ML supply of 24.5 ML target

Diesel

Kerosene: 6.0 ML supply of 14.6 ML target

Gasoline: 15.3 ML supply of 26.8 ML target

Gasoline

• LPG: 3,841 tons supply of 5,100 tons target

Note: This is a daily average for August 17 - 11

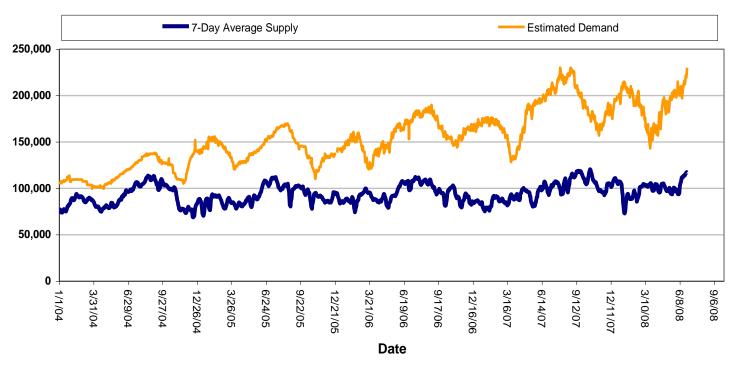
Kerosene

LPG

ECONOMIC – Electricity



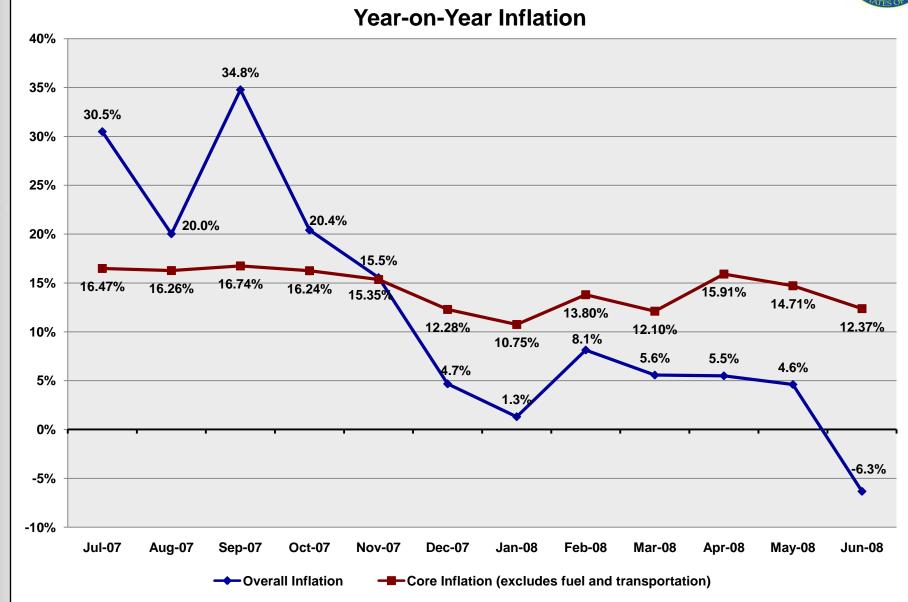
Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004



- Daily electricity demand August 13-19 was 7% above the same period last year. Daily supply from the grid was 25% above the year-earlier period and met 51% of demand, compared with 44% for the year-earlier period.
- For August 13-19 average hours of power from the grid after meeting demand from essential services were Baghdad:10.6 and national 11.1. Year-ago levels were Baghdad 6.9 and national 9.7.

ECONOMIC – Economic Indicators





ECONOMIC – Economic Indicators

Economic Indicator	This Week	This Week Last Week		Last Year			
Iraqi Commercial Bond Sales							
Price (USD)	\$74.75	\$74.79	\$74.05	\$62.82			
Yield	8.47%	8.47%	8.56%	10.16%			
Central Bank's USD Currency Auction							
USD Sold	***	***	\$57,872,489	\$66,957,492			
NID Exchange Rate	***	***	\$1,197	\$1,254			
Total Employed by USG Programs							
	124,064	133,605	130,661	N/A			

ECONOMIC - Iraq Relief and Reconstruction Fund (IRRF) 1 and 2



Sector\Status			Committed		Obligated			Disbursed			
(Millions of USD)	Allocated	Un- allocated	Last Week	Current	Change	Last Week	Current	Change	Last Week	Current	Change
Security and Law	\$4,960	\$17	\$4,943	\$4,943	\$0	\$4,943	\$4,943	\$0	\$4,865	\$4,865	\$0
Justice and Civil Society	\$2,299	\$20	\$2,266	\$2,265	\$0	\$2,258	\$2,258	\$0	\$2,178	\$2,178	\$1
Electricity Sector	\$4,178	\$36	\$4,066	\$4,064	-\$2	\$4,057	\$4,056	-\$1	\$3,902	\$3,906	\$4
Oil Infrastructure	\$1,717	\$7	\$1,597	\$1,597	\$0	\$1,597	\$1,597	\$0	\$1,580	\$1,580	\$0
Water and Sanitation	\$2,054	\$21	\$1,981	\$1,978	-\$3	\$1,951	\$1,954	\$3	\$1,833	\$1,834	\$0
Transportation and Comm\	\$462	\$2	\$458	\$458	\$0	\$457	\$457	\$0	\$420	\$420	\$0
Roads, Bridges and Const\	\$320	\$8	\$307	\$283	-\$24	\$307	\$283	-\$24	\$257	\$257	\$0
Health Care	\$810	\$9	\$790	\$790	\$0	\$778	\$778	-\$1	\$739	\$741	\$2
Private Sector Development	\$838	\$1	\$820	\$820	\$0	\$820	\$820	\$0	\$814	\$814	\$0
Edu Refugees, Human Rights	\$470	\$0	\$431	\$431	\$0	\$431	\$431	\$0	\$409	\$409	\$0
Admin Expense (USAID,DoS)	\$220	\$0	\$218	\$218	\$0	\$218	\$218	\$0	\$208	\$208	\$0
Rescission	\$0	-\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total IRRF II	\$18,328	\$71	\$17,878	\$17,849	-\$29	\$17,818	\$17,796	-\$22	\$17,205	\$17,212	\$7
IRRF II Non-Construction	-	-	\$7,966	\$7,966	\$0	\$7,952	\$7,952	\$0	\$7,754	\$7,756	\$2
IRRF II Construction	-	-	\$9,392	\$9,363	-\$29	\$9,346	\$9,324	-\$22	\$8,934	\$8,939	\$5
IRRF II Overhead	-	-	\$520	\$520	\$0	\$520	\$520	\$0	\$517	\$517	\$0
Total IRRF I	\$2,475	\$0	\$2,291	\$2,291	\$0	\$2,232	\$2,232	\$0	\$2,139	\$2,139	\$ 0
Grand Total IRRF I & II	\$20,803	\$71	\$20,169	\$20,140	-\$29	\$20,050	\$20,028	-\$22	\$19,344	\$1 9,351	\$7

Data as of the 18th of August 2008

Apportion amounts reflect those of the latest Executive Office of the President Report, published by the Office of Management and Budget. Committed, obligated and disbursed amounts reflect last numbers reported by each agency.

DIPLOMATIC – Political Engagement



<u>Lebanese PM Siniora Visits Baghdad:</u>

In the second visit by an Arab leader to Iraq this month Lebanese Prime Minister Fouad Siniora visited Baghdad on August 20. Siniora met Prime Minister Maliki. He told Lebanon's al-Mustaqbal newspaper earlier this week that "Iraq is an Arab country and it is very necessary to open up to it at this moment." The trip was the first official visit by a Lebanese Prime Minister and only the second official visit by an Arab head of government since 2003.

U.N. and GOI Sign Cooperation Strategy:

• On August 13, the United Nations announced it had signed a cooperation agreement with Iraq, defining how the UN will support reconstruction, development and humanitarian needs over the next three years. This is the first such document adopted in Iraq since the 1990s. Iraqi Minister of Planning, Dr Ali Baban said the strategy "represents an important step in Iraq's recovery process". The Deputy Special Representative of the Secretary General, David Shearer, said the UN would "now be able to consolidate achievements and shift focus – helping Iraq to mobilize its substantial capacity and resources while we work to meet outstanding humanitarian needs."

DIPLOMATIC – Coalition Contributors



24 Countries with forces in Iraq (including US)

Albania Czech Republic Kazakhstan **Poland** Armenia Denmark Korea Romania **Australia** El Salvador Latvia **Tonga** Estonia Lithuania Ukraine Azerbaijan

Bosnia-Herzegovina Georgia Macedonia United Kingdom

Bulgaria Japan Mongolia

TOTAL ~ 7,597 Forces

30 Countries and NATO*

(including the US)

Support Iraqi Stability Operations

*30 includes the US, the 23 countries listed above, and six non-MNF-I countries: Hungary, Italy, Netherlands, Portugal, Slovenia, Turkey Note: Fiji and New Zealand, participating as a part of the UN Assistance Mission in Iraq (UNAMI), are not included.

CONTACT INFORMATION



• This brief draws from multiple sources. References are cited on the following pages.

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov

NOTES AND SOURCE CITATIONS (1 of 2)



Slide 4:

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- Washington Post, August 9 http://www.washingtonpost.com/wp-dyn/content/article/2008/08/08/AR20080802079.html?hpid=moreheadlines Slide 5:
- United Nations, July 15-25, http://www.uniraq.org/documents/ElectoralMaterial/Voter%20Registration%20in%20Iraq%20-%20Observation%20Report.pdf

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Slide 6-7:

Department of State, NEA/I Political Section, NEA-I-POL-DL@State.gov

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- NYT, August 15- http://www.nytimes.com/2008/08/15/world/middleeast/15iraq.html?ref=world
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Slide 10:

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Slide 11:

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Slide 12:

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- Reuters, August 15 http://uk.reuters.com/article/rbssEnergyNews/idUKIST00226420080815

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- Aswat Al Iraq, August 11 http://www.aswataliraq.info/look/english/article.tpl?IdLanguage=1&IdPublication=4&NrArticle=89066&NrIssue=2&NrSection=2
- Energy Tribune, August 18 http://www.energytribune.com/articles.cfm?aid=973

S T A T E

NOTES AND SOURCE CITATIONS (2 of 2)



Slide 15-17:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

Slide 18:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

Slide 19:

Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 20:

Derived from Multiple Sources. (ITAO IMU Essential Indicators Report, Baghdad, 21 August 2008) (Bloomburg.org) (Central Bank of Iraq, Foreign Exchange Auction, CBiraq.org) (http://www.cbiraq.org/C.B.I.%20FOREIGN% 20EXCHANGE%20AUCTIONS.pdf)

Slide 21:

• ITAO IMU Essential Indicators Report, Baghdad, 20 August 2008.

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- (Reuters, August 20 http://uk.reuters.com/article/worldNews/idUKLK6928020080820 and http://uk.reuters.com/article/oilRpt/idUKLI529720080818)
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Slide 23:

DOD Input to Weekly Status Report, updated August 20, 2008